



Agenda Item Summary

MEETING DATE: December 11, 2023
SUBJECT: Pinnacol Workers Compensation Renewal for 2024
PRESENTED BY: Mary Strutt, Town Clerk / Treasurer

SUMMARY

Attached is the 2023 Renewal Information for the Town's workers' compensation policy through Pinnacol Assurance. Pinnacol has been Mead's workers compensation carrier for over 10 years and is one of the few carriers which insure municipalities with a police force.

Workers compensation insurance is required to cover employees for injuries which occur on-the-job. If injured at work, a claim is reported to Pinnacol who investigates the claim, coordinates medical care and assists with return-to-work issues. The employee's medical treatment, lost time from work and any disability may be paid under the claim, in accordance with state law. Premiums are based on the type of work (and risk involved) for the classifications of workers and the related salaries. In addition, there is an experience modification factor which is a factor based on the town's specific claim history. Mead does receive credits for having a designated provider program and other cost containment measures

The 2024 estimated premium is \$117,291.00 for a policy with a \$1,000 deductible. This reflects an increase over the 2023 premium of \$17,000 (or 17%). The increase is mainly attributable to classification rate increases in the Public Works area (shown under street or road construction) and police. For Public Works, the rate used to determine premium increased by 28%. In accordance with workers compensation standards most of our Public Works employees are classified as streets workers because they fix potholes, plow snow, etc. Workers' Compensation requires that employees are classified at the highest class for their work. For police, the class rate increased by 22%.

In addition to the classification rate increases, Mead had increases in both number of staff and overall payroll, which also affects our rates. The premium does show credits for cost containment, designated providers and a schedule rating based on our claim handling. Fortunately, the Town's experience modification, while still over the 1.0 ideal, has dropped from 1.79 to 1.43. The experience modification is determined based on Mead's specific claims experience. Historically, Mead has a few larger claims which have an adverse effect on this indicator.

Pinnacol will complete a payroll audit in the spring, as they do each year, to determine if the payroll forecast was accurate. If, at the end of the year, the town's actual payroll is less than estimated (usually based on vacancies/unfilled positions) a credit will be given.

FINANCIAL CONSIDERATIONS

This rate quote was received at the end of our budgeting process and is higher than was anticipated. If there is not an adjustment to the rate based on the payroll audit and/or a dividend received, a budget amendment may be needed in the 4th quarter of 2024.

STAFF RECOMMENDATION/ACTION REQUIRED

Staff recommends approval of the Pinnacol renewal for 2024 in an amount not to exceed \$117,291.00 and delegation of authority to the Town Manager and Administrative Services Director to complete the renewal process.

A motion to adopt the December 11, 2023 consent agenda will approve this item. If this item is removed from the consent agenda for further discussion, a suggest motion is:

“I move to approve the renewal of the Pinnacol Assurance Workers Compensation Policy according the quote received December 7, 2023, in an amount not to exceed \$117,291.00 and I further move to delegate authority to the Town Manager and Administrative Services Director to complete the renewal process.”

ATTACHMENTS

Pinnacol Renewal 2024